

Message Text

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SUBJ: GOVERNMENT'S AUSTERITY PROGRAM INCREASES PCI DILEMMA

REF: ROME 15042

SUMMARY. THE ANNOUNCEMENT OF THE ANDREOTTI GOVERNMENT'S AUSTERITY PROGRAM HAS DEEPENED THE DILEMMA FACED BY THE ITALIAN COMMUNIST PARTY (PCI) FOLLOWING ITS DECISION LAST AUGUST TO ABSTAIN ON THE ANDREOTTI MINORITY GOVERNMENT. RANK AND FILE PROTESTS, LARGELY IN THE TRADE UNION RANKS WHERE A LARGE PORTION OF THE PARTY'S TRADITIONAL ELECTORATE IS LOCATED, HAVE DEVELOPED. THESE ARE LARGELY IN THE NORTH OF THE COUNTRY, AND THE PCI LEADERSHIP HAS BEEN BUSY
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TRYING TO PUT OUT THE BRUSH FIRES THAT HAVE BROKEN

OUT. IN THE ABSENCE OF A VIABLE ALTERNATIVE TO THE ANDREOTTI GOVERNMENT, THE PCI IS VIRTUALLY CONSTRAINED TO GO ALONG WITH THE BULK OF THE GOVERNMENT'S AUSTERITY MEASURES, ALTHOUGH IT CAN BE EXPECTED TO MAKE A PUSH (LARGELY SYMBOLIC) IN THE PARLIAMENTARY DEBATES FOR CERTAIN AMENDMENTS, PARTICULARLY REGARDING THE 25 PERCENT INCREASE IN THE PRICE OF GASOLINE. MEANWHILE, THE PARTY'S CENTRAL COMMITTEE WILL CONVENE ON OCTOBER 18 TO REVIEW THE CURRENT SITUATION AND, PRESUMABLY, TO DISCUSS MEANS OF COMBATTING THE MALAISE AMONG THE BASE. WE CONTINUE TO BELIEVE THAT THE CURRENT MALAISE POSES NO SERIOUS THREAT TO THE PCI LEADERSHIP IN THE SHORT OR MEDIUM TERM; HOWEVER, SHOULD THE DC EITHER ON ITS OWN OR THROUGH A COALITION WITH THE LAY PARTIES BE ABLE TO HOLD THE COMMUNISTS AT ARM'S LENGTH FOR AN EXTENDED PERIOD, THE PCI COULD ENTER INTO A CRITICAL ERA IN WHICH A RETHINKING OF ITS STRATEGY AND TACTICS WOULD RESULT

END SUMMARY.

1. WITHOUT DOUBT, THE ANDREOTTI GOVERNMENT'S AUSTERITY PROGRAM HAS ADDED A FURTHER DIMENSION TO THE MALAISE WITHIN THE PCI PROVOKED BY THE PARTY'S DECISION TO ABSTAIN ON THE AUGUST VOTES OF CONFIDENCE FOR THE ANDREOTTI GOVERNMENT. (AS MOST OBSERVERS HAVE POINTED OUT, THE PCI VOTE IS PERCEIVED, TO A CERTAIN EXTENT AS DETERMINING FOR THE SURVIVAL OF THE GOVERNMENT.) THE CURRENT UNREST IS FELT LARGELY AMONG THE BASE, PARTICULARLY IN THE TRADE UNION RANKS IN THE NORTHERN PART OF THE COUNTRY WHERE THE FEELING EXISTS THAT FOR SHORT TERM POLITICAL REASONS, THE PCI LEADERSHIP IS PREPARED TO SACRIFICE THE INTERESTS OF THE WORKING CLASS. (IT IS WORTH NOTING THAT THE BASE HAS BEEN TRADITIONALLY MORE CONSERVATIVE THAN THE LEADERSHIP). JUDGING FROM PRESS REPORTING AND OUR OWN OBSERVATIONS, THE FEELING AT THE BASE OF THE PARTY IS THAT THE PCI HAS NOT SUCCEEDED, IN THE INITIAL ROUND OF INTER-PARTY NEGOTIATIONS, IN PLACING THE BULK OF THE SACRIFICES TO BE MADE UNDER THE AUSTERITY PROGRAM IN THE LAPS OF THE WEALTHY.

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2. IN THE ABSENCE OF A VIABLE ALTERNATIVE TO THE ANDREOTTI GOVERNMENT, THE PCI'S FREEDOM OF ACTION IS EXTREMELY LIMITED, AND WE DO NOT ANTICIPATE THAT IT WILL UTILIZE THE PRETEXT OF THE DEBATE OVER THE AUSTERITY MEASURES TO BRING ABOUT THE DOWNFALL OF THE DC MONOCOLORE. IN FACT, PRESS LEAKS FROM AN OCTOBER 12 MEETING OF PCI LEGISLATORS INDICATE THAT

THE PARTY HAS ESSENTIALLY DECIDED TO ABSTAIN WHEN THE VARIOUS ASPECTS OF THE AUSTERITY PROGRAM FINALLY COME UP FOR A VOTE. HOWEVER, THE PCI CAN BE EXPECTED TO FIGHT FOR AT LEAST SOME SYMBOLIC CHANGES IN THE MEASURES WHICH ANDREOTTI AND HIS COLLEAGUES ARE PROPOSING. THESE CHANGES, WHICH WILL BE PROPOSED IN THE FORM OF AMENDMENTS DURING THE PARLIAMENTARY DEBATE, WILL BE DESIGNED TO DEMONSTRATE THAT THE PCI IS DOING EVERYTHING THAT IS RASONABLY POSSIBLE TO INSURE THAT THE BURDEN OF THE AUSTERITY MEASURES FALLS ON THOSE BEST ABLE TO PAY. THE SPECIFIC PROPOSAL ON WHICH THE COMMUNISTS WILL FOCUS THEIR EFFORTS IS 25 PERCENT INCREASE IN THE PRICE OF GASOLINE. (THE EXACT NATURE OF THE PCI AMENDMENT ON THIS ISSUE IS YET TO BE DEFINED, BUT IT WILL LIKELY INVOLVE REBATES TO INDIVIDUALS IN LOWER WAGE CATEGORIES.) THE PCI MIGHT ALSO SEEK AMENDMENTS TO INCREASES IN TELEPHONE AND ELECTRICITY BILLS WHICH WOULD BENEFIT THE WORKING CLASSES AS COMPARED WITH THE WEALTHIER SEGMENTS OF SOCIETY.

3. MEANWHILE, THE PCI LEADERSHIP HAS FANNED OUT THROUGHOUT THE COUNTRY TRYING TO PUT OUT THE BRUSH FIRES WHICH HAVE BROKEN OUT. THESE ATTEMPTS HAVE BEEN EFFECTIVE ONLY TO A CERTAIN EXTENT, AND LABOR UNREST IN THE NORTH IS PROOF THAT THE PCI ARGUMENTS HAVE NOT BEEN TOTALLY CONVINCING. THE PARTY HAS SCHEDULED A CENTRAL COMMITTEE MEETING FOR OCTOBER 18 TO REVIEW THE CURENT SITUATION. SINCE FROM ALL OUTWARD APPEARANCES THE LEADERSHIP HAS DECIDED HOW IT WILL ACT IN PARLIAMENT ON THE AUSTERITY PACKAGE, THE CENTRAL COMMITTEE MEETING, ASIDE FROM PROVIDING AN OPPORTUNITY TO RUBBER STAMP DECISIONS ALREADY TAKEN, CONFIDENTIAL

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WILL PROBABLY CONCENTRATE ON EFFORTS NEEDED TO COMBAT THE MALAISE AMONG THE BASE.

4. WE CONTINUE TO BELIEVE THAT THE CURRENT MALAISE AMONG THE BASE POSES NO SERIOUS SHORT OR MIDDLE TERM THREAT TO BERLINGUER'S LEADERSHIP OR THE POLICY LINE WHICH HE HAS ESTABLISHED. UNDOUBTEDLY, THE PARTY WILL INCREASE ITS IDEOLOGICAL AND PROPAGANDISTIC WORK AMONG ITS MEMBERS, SEEKING TO MINIMIZE THE EXISTING DISCONTENT. FOR THE LONGER TERM, HOWEVER, THE OUTLOOK FOR THE CURENT LEADERSHIP COULD BE SUBSTANTIALLY LESS FAVORABLE. SHOULD THE DC EITHER ON ITS OWN OR THROUGH A COALITION WITH ONE OR SEVERAL OF THE LAY PARTIES BE ABLE TO HOLD THE COMMUNISTS AT ARM'S LENGTH FOR AN EXTENDED PERIOD OF TIME, THE PCI COULD ENTER INTO A

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